



Washington
University in St. Louis

OLIN BUSINESS SCHOOL

DECEMBER 2009 | Volume 1 / Issue 2

Research ■

Review

Olin Research Review

TABLE of Contents

Message from the Dean _____ 3

Journal Acceptances

Accounting	4-5
Economics	6-8
Finance	9-11
Management	12-15
Marketing	16-17
Operations & Manufacturing	
Management	18-19
Strategy	20-21

Conference Acceptances/Presentations

Accounting	22
Economics	23
Finance	24-25
Management	26
Marketing	27
Operations & Manufacturing	
Management	28
Organizational Behavior	29
Strategy	30-31

Books Chapters

Economics	32
Finance	32
Management	32
Marketing	33
Strategy	33

Honors

Accounting	34
Finance	34
Marketing	35
Operations & Manufacturing	
Management	35
Organizational Behavior	35
Strategy	35
Olin Award	36

Workshops Held

Accounting	37
Economics	38-39
Finance	40-41
Marketing	42
Operations & Manufacturing	
Management	43
Organizational Behavior	44

PhD Milestones

Operations & Manufacturing	
Management	45

Events

Accounting	46-47
Finance	48-50

Index	51
-------	----

MESSAGE from the Dean

It's my great privilege to present the December 2009 issue of the Olin Research Review. This publication highlights the exceptional work of Olin faculty over the past few months and is a fitting way to close out 2009.

At Olin, we take great pride in the impressive research productivity of our faculty members. As these pages show, Olin continues to be distinguished by the thought leadership of our faculty and the ideas they bring to academic research.

Let me extend my congratulations to all Olin faculty members for their contributions that advance the understanding of business the world over. Their passion for learning and knowledge drive the very heart of Olin's mission:

Create knowledge...Inspire individuals...Transform business.

Respectfully,



Mahendra R. Gupta, Dean
Geraldine J. and Robert L. Virgil Professor of Accounting and Management

JOURNAL Acceptances

ACCOUNTING

Mahendra Gupta: “Non-Production-Related Effort and the Limits of Contracting,” with M. Alles, *Asia-Pacific Journal of Accounting and Economics*, Volume 16, No. 2, August 2009.

Abstract: Empirical and behavioral research suggests that workers don’t always see work only as a means of obtaining income in return for production-related effort. Rather, they also exert non-production-related effort in order to obtain greater control over their jobs, achieve balance with non-work activities and to further such personal goals as flexibility, self-growth and job-satisfaction. By contrast, the large accounting literature on incentive mechanism design has focused solely on production-related effort, making the implicit assumption that omitting non-production-related effort is without loss of generality. In this paper we develop a model with both types of effort in order to endogenously determine whether non-production related effort impacts the ability of the firm to achieve its goal through incentive contracts. We show that while introducing non-production-related effort to the principal/agent model limits the power of contracting – meaning that the firm cannot guarantee that it can achieve its desired production-related effort and profit goals – that is not to say that the firm will always be worse off. Depending on the nature of the interaction between the two kinds of effort and their impact on the worker’s utility, it is also conceivable that both firm and worker become better off than the standard principal/agent model would predict.

Ron King: “The PCAOB Meets the Constitution: The Supreme Court to Decide on PCAOB’s Conformity with the Separation of Powers Doctrine and Appointments Clause,” forthcoming in *Accounting Horizons*, March 2010.

Abstract: This commentary provides an overview of the case currently before the U.S. Supreme Court that alleges constitutional problems with the Public Company Accounting Oversight Board (PCAOB). The PCAOB, a board designed to oversee auditing for publicly-traded firms, was created by Congress when it passed the Sarbanes-Oxley Act of 2002 (SOX). To enhance PCAOB’s independence from political pressures, Congress established it as a private-sector non-profit organization, and gave oversight powers to the Securities and Exchange Commission (SEC), an independent agency. The plaintiffs in this case allege that Congress empowered the PCAOB with broad executive powers, yet limited the President’s ability to appoint Board members (thus violating the appointments clause of the Constitution) and to control and/or remove Board members (thus violating the separation of powers doctrine of the Constitution). The Supreme Court’s decision about the constitutionality of the PCAOB is important because of its potential impact on (1) the future of auditing oversight, (2) the validity of SOX, and (3) the future of independent agencies in general. From a policy point of view, the case highlights the importance of the combination of independence and accountability for auditing and accounting standard-setting and practice.

Xiumin Martin: “Timely Loss Recognition and Acquisition Profitability,” with R. Francis, forthcoming in the *Journal of Accounting and Economics*.

Abstract: We investigate if timely loss recognition is associated with acquisition-investment decisions. Using a Basu (1997) piece-wise linear regression model, we find that firms with more timely incorporation of economic losses into earnings make more profitable acquisitions, measured by the bidder’s announcement

Olin Research Review

returns and by changes in post-acquisition operating performance. These firms are also less likely to make post-acquisition divestitures (consistent with better ex ante investment decisions), but act more quickly to divest. We also find that the positive association between timely loss recognition and acquisition profitability is more pronounced for firms with higher ex ante agency costs.

Xiumin Martin: “Executive Compensation and the Maturity Structure of Corporate Debt,” with P. Brockman and E. Unlu, forthcoming in the *Journal of Finance*.

Abstract: Executive compensation influences managerial risk preferences through the executive’s portfolio sensitivities to changes in stock prices (*delta*) and stock return volatility (*vega*). Large *deltas* discourage managerial risk-taking, while large *vegas* encourage risk-taking. Theory suggests that short-maturity debt mitigates agency costs of debt by constraining managerial risk preferences. We posit and confirm a negative (positive) relation between CEO portfolio *deltas* (*vegas*) and short-term debt. We also find that the influence of *vega*- and *delta*-related incentives on bond yields is mitigated by short-maturity debt. Overall, our empirical evidence shows that short-term debt mitigates agency costs of debt arising from compensation risk.

Xiumin Martin: “Voluntary Disclosures and the Exercise of Executive Stock Options,” with P. Brockman and A. Puckett, forthcoming *Journal of Corporate Finance*.

Abstract: We examine voluntary disclosures around the exercise of CEO stock options. Previous research shows that managerial incentives depend on the intended disposition of the exercised options' underlying shares. When CEOs intend to sell the underlying shares of exercised options, they have an incentive to increase stock prices in the pre-exercise period. In contrast, when CEOs intend to hold the underlying shares, they have a tax incentive to decrease stock prices in the pre-exercise period. Consistent with these private incentives, we find a significant increase in the frequency and magnitude of good (bad) news announcements in the pre-exercise period when CEOs implement exercise-and-sell (exercise-and-hold) strategies. We provide some evidence that CEOs' propensities for opportunistic disclosures are positively related to the value of their exercised stock options. Lastly, we find that the Sarbanes–Oxley Act (SOX) generally reduces, but does not eliminate, this type of managerial opportunism.

ECONOMICS

Sid Chib: “Additive Cubic Spline Regression with Dirichlet Process Mixture Errors,” with E. Greenberg, *Journal of Econometrics*, (in press).

Abstract: The goal of this paper is to develop a flexible Bayesian analysis of regression models for continuous and categorical outcomes. In the models we study, covariate (or regression) effects are modeled additively by cubic splines, and the error distribution (that of the latent outcomes in the case of categorical data) is modeled as a Dirichlet process mixture. We employ a relatively unexplored but attractive basis in which the spline coefficients are the unknown function ordinates at the knots. We exploit this feature to develop a proper prior distribution on the coefficients that involves the first and second differences of the ordinates, quantities about which one may have prior knowledge. We also discuss the problem of comparing models with different numbers of knots or different error distributions through marginal likelihoods and Bayes factors which are computed within the framework of Chib (1995) as extended to DPM models by Basu and Chib (2003). The techniques are illustrated with simulated and real data.

Sid Chib: “Estimation of Semiparametric Models in the Presence of Endogeneity and Sample Selection,” with E. Greenberg and I. Jeliazkov, *Journal of Computational and Graphical Statistics*, 18, 321-348, 2009.

Abstract: We analyze a semiparametric model for data that suffer from the problems of incidental truncation, where some of the data are observed for only part of the sample with a probability that depends on a selection equation, and of endogeneity, where a covariate is correlated with the disturbance term. The introduction of nonparametric functions in the model permits significant flexibility in the way covariates affect response variables. We present an efficient Bayesian method for the analysis of such models that allows us to consider general systems of outcome variables and endogenous regressors that are continuous, binary, censored, or ordered. Estimation is computationally inexpensive as it does not require data augmentation for the missing outcomes, thus reducing computational demands and enhancing the mixing of the Markov chain Monte Carlo simulation algorithm. The methods are applied in a model of women’s labor force participation and log-wage determination that accounts for endogeneity, incidental truncation, and non-linear covariate effects.

Bart Hamilton: “Does Surgical Quality Improve in the American College of Surgeons National Surgical Quality Improvement Program (ACS-NSQIP): An Evaluation of All Participating Hospitals,” with B. Hall, K. Richards, K.Y. Bilimoria, M.E. Cohen and C.Y. Ko, *Annals of Surgery* 250:363-76, 2009.

Abstract: In honor of the seminal contributions of Dr. Shukri Khuri to the foundation and development of the National Surgical Quality Improvement Program (NSQIP), a review of recent work and new directions within the American College of Surgeons (ACS) NSQIP is presented, according to the following outline: I. recent work, II. potential existing limitations of NSQIP, III. directions underway for the future, IV. additional initiatives and topics.

Olin Research Review

Bart Hamilton: “Time of Day Effects on Surgical Outcomes in the Private Sector: A Retrospective Cohort Study,” with R. R. Kelz, T. T. Tran, P. Hosokawa, W. Henderson, E.C. Paulson, F. Spitz and B. Hall, *Journal of the American College of Surgeons* 209:434-45, 2009.

Abstract: Background: Surgical care is delivered around the clock. Elective cases within the Veterans Affairs health system starting after 4 PM appear to have an elevated risk of morbidity, but not mortality, compared with earlier cases. The relationship between operation start time and patient outcomes is not described in private-sector patients or for emergency cases. Study Design: We performed a retrospective cohort study of 56,920 general and vascular surgical procedures performed from October 2001 through September 2004, and entered into the National Surgical Quality Improvement Program database. Operation start time was the independent variable of interest. Random effects, hierarchical logistic regression models adjusted for patient, operative, and facility characteristics. Two independent models determined associations between start time and morbidity or mortality. Subset analysis was performed for emergency and nonemergency cases. Results: After adjustment for patient and procedure characteristics, mortality had a moderately strong association with start time, but only for nonemergency cases starting 9:30 pm to 7:30 am (odds ratio = 1.752; $p = 0.028$; reference 7:30 am to 9:30 am). As for morbidity, after adjustment, operations starting 9:30 am to 1:30 pm and 5:30 pm to 9:30 pm were associated with a weakly elevated risk of morbidity, but those starting 9:30 pm to 7:30 am demonstrated a strong effect on morbidity (odds ratio = 1.32; $p < 0.0001$). Subgroup analysis showed this effect was largely a result of elevated risk of morbidity in emergency cases from this overnight time period (odds ratio = 1.48; $p = 0.001$). Conclusions -- Surgical start times are associated with risk-adjusted patient outcomes. In terms of facility operations management and resource allocation, consideration should be given to the capacity to accommodate cases with differences in risk during different time periods.

Bart Hamilton: “Missing Data in the American College of Surgeons National Surgical Quality Improvement Program Are Not Missing at Random: Implications and Potential Impact on Quality Assessments.” with B. Hall, C.Y. Ko and K. Richards, (2010), *Journal of the American College of Surgeons* (in press).

Abstract: Background: Studying risk-adjusted outcomes in health care relies on statistical approaches to handling missing data. The American College of Surgeons National Surgical Quality Improvement Program provides risk-adjusted assessments of surgical programs, traditionally imputing certain missing data points using a single round of multivariable imputation. Such imputation assumes that data are missing at random—without systematic bias—and does not incorporate estimation uncertainty. Alternative approaches, including using multiple imputation to incorporate uncertainty, or using an indicator of missingness, can enhance robustness of evaluations. Study Design: One year of de-identified data from the American College of Surgeons National Surgical Quality Improvement Program representing 117 institutions and 106,113 patients were analyzed. Using albumin variables as the missing data modeled, several imputation/adjustment models were compared, including the traditional National Surgical Quality Improvement Program imputation, a new single imputation, a multiple imputation, and use of a missing indicator. Results: Coefficients for albumin values changed under new single imputation and multiple imputation approaches. Multiple imputation resulted in increased standard errors, as expected. An indicator of missingness was highly explanatory, disproving the missing-at-random assumption. The effects of changes in approach differed for different outcomes, such as mortality and morbidity, and effects were greatest in smaller data sets. However, ultimate changes in patient risk assessment and institutional assessment were minimal. Conclusions: Newer statistical approaches to modeling missing (albumin) values result in noticeable statistical distinctions, including improved incorporation of imputation uncertainty. In addition, the missing-at-random assumption is incorrect for albumin. Despite these findings, effects on institutional assessments are small. Although effects

Olin Research Review

can be most important with smaller data sets, the current approach to imputing missing values in the American College of Surgeons National Surgical Quality Improvement Program appears reasonably robust.

Bart Hamilton: “The Small Firm Effect and the Entrepreneurial Spawning of Scientists and Engineers,” with D. Elfenbein and T. Zenger, forthcoming in *Management Science*.

Abstract: Scientists and engineers in small firms are far more likely than their large firm counterparts to enter entrepreneurship, a phenomenon we label the small firm effect. We explore the origins of this small firm effect, identify four classes of explanations—preference sorting, ability sorting, opportunity cost, and the possibility that workers in small firms develop entrepreneurial human capital—and explore these empirically, by examining the determinants of entrepreneurial entry and performance. We find that preference sorting plays a role in generating the small firm effect: small firms attract those with prior preferences for autonomy, who are similarly drawn into entrepreneurship. Similarly, ability sorting plays a role: those who ultimately become entrepreneurs may be drawn to small firms because they offer tighter pay-for-performance links and are drawn to entrepreneurship for the same reason, or because the skills required for success in small firms are also valuable in entrepreneurship. Evidence suggests that, while those with the very least to lose enter entrepreneurship with greater frequency, opportunity cost has at best a small role to play in explaining the small firm effect. Finally, we interpret evidence that prior experience in small firms predicts positive performance outcomes in the early stages of entrepreneurship as suggesting that employment in a small firm also appears to make these workers better entrepreneurs. This effect may be largest among those of high ability.

FINANCE

Long Chen: “A Better Three-Factor Model That Explains More Anomalies,” forthcoming in *Journal of Finance*.

Abstract: A new three-factor model consisting of the market factor and common factors formed on investment and return on assets goes a long way in summarizing the cross-sectional variation of expected stock returns. The model substantially outperforms traditional asset pricing models in describing average returns across testing portfolios formed on short-term prior returns, financial distress, net stock issues, asset growth, and earnings surprises. The model also performs roughly as well as the Fama-French model in accounting for average returns across portfolios formed on valuation ratios, industry, and CAPM betas. The model's performance, combined with its economic intuition, suggests that it can be used to obtain expected return estimates in practice.

Phil Dybvig: “Lifetime Consumption and Investment: Retirement and Constrained Borrowing,” with H. Liu, forthcoming in the *Journal of Economic Theory*.

Abstract: Retirement flexibility and inability to borrow against future labor income can significantly affect optimal consumption and investment. With voluntary retirement, there exists an optimal wealth-to-wage ratio threshold for retirement and human capital correlates negatively with the stock market even when wages have zero or slightly positive market risk exposure. Consequently, investors optimally invest more in the stock market than without retirement flexibility. Both consumption and portfolio choice jump at the endogenous retirement date. The inability to borrow limits hedging and reduces the value of labor income, the wealth-to-wage ratio threshold for retirement, and the stock investments.

Phil Dybvig: “Portfolio Performance and Agency,” with H. Farnsworth and J. Carpenter, forthcoming in the *Review of Financial Studies*.

Abstract: This paper analyzes the optimal contract for a portfolio manager who can exert effort to improve the quality of a private signal about future market prices. We assume complete markets over states distinguished by asset pay-offs and place no restrictions on the form of the contract. We show that trading restrictions are essential because they prevent the manager from undoing the incentive effects of performance-based fees. We provide conditions under which simple benchmarking emerges as optimal compensation. Additional incentives to take risk are necessary when information can be manipulated or else the manager will understate information to offset the benchmarking.

Heber Farnsworth: “Portfolio Performance and Agency,” with P. Dybvig and J. Carpenter, forthcoming in the *Review of Financial Studies*.

Abstract: Please see abstract listed above under Phil Dybvig.

Heber Farnsworth: “Evaluating Stochastic Discount Factors from Term Structure Models,” forthcoming in the *Journal of Empirical Finance*.

Abstract: This paper examines the feasibility of applying the stochastic discount factor methodology to fixed-income data using modern term structure models. Using this approach the researcher can examine returns on bond portfolios whose exact composition is unknown, as is often the case. This paper proposes an observable proxy for the SDF from continuous-time models and documents via Monte Carlo methods the properties of the GMM estimator based on using this proxy.

Olin Research Review

Radha Gopalan: “Strategic Flexibility and the Optimality of Pay for Sector Performance,” joint with T. Milbourn and F. Song, accepted for publication at the *Review of Financial Studies*.

Abstract: While standard contract theory suggests that a CEO should be paid relative to a benchmark that removes the effects of sector performance, there is evidence that CEO pay is strongly and positively related to such sector performance. Many have coined this relationship as pay for luck. In this paper, we offer an explanation. We model a CEO charged with selecting the firm's strategy which determines the firm's exposure to sector performance. To incentivize the CEO to choose optimally, pay contracts will be positively and sometimes asymmetrically related to sector performance. Consistent with our predictions, our empirical analysis indicates that the observed sensitivity of pay to sector performance is almost fully confined to multi-segment firms and is greater in firms that offer greater strategic flexibility to alter sector exposure, for more talented CEOs, and for CEOs as compared to their subordinate executives. Our evidence is robust to alternate explanations such as CEO entrenchment.

Hong Liu: “Limited Participation and Consumption-Saving Puzzles: A Simple Explanation and the Role of Insurance,” with T. Gormley and G. Zhou, forthcoming in the *Journal of Financial Economics*.

Abstract: In this paper, we show that the existence of a large, negative wealth shock and insufficient insurance against such a shock can potentially explain both the limited stock market participation puzzle and the low-consumption-high-savings puzzle that are widely documented in the literature. We then conduct an extensive empirical analysis on the relation between household portfolio choices and access to private insurance and various types of government safety nets, including social security and unemployment insurance. The empirical results demonstrate that a lack of insurance against large, negative wealth shocks is strongly positively correlated with lower participation rates and higher saving rates. Overall, the evidence suggests an important role of insurance in household investment and savings decisions.

Hong Liu: “Lifetime Consumption and Investment: Retirement and Constrained Borrowing,” with P. Dybvig, forthcoming in the *Journal of Economic Theory*.

Abstract: Please see abstract listed on page 9 under Phil Dybvig.

Todd Milbourn: “Strategic Flexibility and the Optimality of Pay for Sector Performance,” joint with R. Gopalan and F. Song, accepted for publication at the *Review of Financial Studies*.

Abstract: Please see abstract listed above under Radha Gopalan.

Anjan Thakor: “Financial System Architecture and the Co-Evolution of Banks and Capital Markets,” with F. Song, forthcoming in *The Economic Journal*.

Abstract: We study how financial system architecture evolves through the development of banks and financial markets. The predominant existing view is that banks and markets compete, which often contradicts actual patterns of development. We show that banks and markets exhibit three forms of interaction: they compete, they complement each other, and they co-evolve. Co-evolution is generated by two elements missing in previous analyses of financial system architecture: securitization and bank equity capital. As banks evolve via improvements in credit screening, they securitize higher-quality credits in the capital market. This encourages greater investor participation and spurs capital market evolution. And, if capital market evolution is spurred by exogenous shocks that cause more investors to participate, banks find it cheaper to raise equity capital to satisfy endogenously-arising risk-sensitive capital requirements. Bank evolution is thus stimulated as banks consequently serve previously-unserved high-risk borrowers. Numerous additional results are drawn out.

Anjan Thakor: “Bank Capital and Value in the Cross-Section,” with H. Mehran, forthcoming in the *Review of Financial Studies*.

Abstract: We address two questions: (i) Are bank capital structure and value correlated in the cross-section, and if so, how? (ii) If bank capital does affect bank value, how are the components of bank value affected by capital? We first develop a dynamic model with a dissipative cost of bank capital that is traded off against the benefits of capital: strengthened incentives for the bank to engage in value-enhancing loan monitoring, and a higher probability of avoiding regulatory closure due to loan delinquencies. The model predicts: (i) the total value of the bank and its equity capital are positively correlated in the cross-section, and (ii) the various components of bank value – the synergies among the bank’s assets and liabilities and the net present value to the shareholders of investing capital in the bank – are also positively cross-sectionally related to bank capital. When we confront the predictions with the data on bank acquisitions, we find strong support. The results are robust to a variety of alternative explanations – growth prospects, desire to acquire toe-hold positions, desire of capital-starved acquirers to buy capital-rich targets, market timing, pecking order, and the effect of banks with binding capital requirements, TBTF, target profitability, risk and mechanical effects.

Guofu Zhou: “Limited Participation and Consumption-Saving Puzzles: A Simple Explanation and the Role of Insurance,” with T. Gormley and H. Liu, forthcoming in the *Journal of Financial Economics*.

Abstract: Please see abstract listed on page 10 under Hong Liu.

Guofu Zhou: “Why Is the Recent Financial Crisis a ‘Once-in-a-century’ Event?” with Y. Zhu, forthcoming in *Financial Analysts Journal*.

Abstract: In the recent financial crisis, the Dow Jones stock market index dropped about 54% from a high of 14164.53 on October 9, 2007 to a low of 6547.05 on March 9, 2009. Alan Greenspan calls this a “once-in-a-century” crisis. While we do not know how he drew his conclusion, we show that the probability of a stock market drop of 50% from its high within a century is about 90% based on the popular random walk model of the stock prices. With a broad market index of the S&P500 and a more sophisticated asset pricing model which captures more risks in the economy, the probability rises to above 99%. The message of this paper is that a market drop of 50% or more is very likely in long-run stock market investments, and the investors should be prepared for it.

Guofu Zhou: “Beyond Black-Litterman: Letting the Data Speak,” forthcoming in the *Journal of Portfolio Management*.

Abstract: The Black-Litterman model is a popular approach for asset allocation by blending an investor's proprietary views with the views of the market. However, their model ignores the data-generating process whose dynamics can have significant impact on future portfolio returns. This paper extends, in two ways, the Black-Litterman model to allow Bayesian learning to exploit all available information--the market views, the investor's proprietary views as well as the data. Our framework allows practitioners to combine insights from the Black-Litterman model with the data to generate potentially more reliable trading strategies and more robust portfolios. Further, we show that many Bayesian learning tools can now be readily applied to practical portfolio selections in conjunction with the Black-Litterman model.

MANAGEMENT

Bruce Hall: “Anonymous Group Peer Review in Surgery Morbidity and Mortality Conference,” with L.C. Bender, M.E. Klingensmith, B.D. Freeman, W.C. Chapman, W.C. Dunagan and J.E. Gottlieb, *American Journal Surgical*, 198:270-276, 2009.

Abstract: Background: Surgical peer review might be characterized by assessment heterogeneity. Methods: We performed a prospective, anonymous, peer review of surgeon and system performance during a morbidity and mortality conference. Results: Twenty-two cases were reviewed by a mean of 48.9 respondents each, including attendings, fellows, and residents. A mean of 50% (standard deviation, 23%) of respondents identified some quality issue in each case, reflecting high heterogeneity. The mean percentage in identifying a system issue was 27%, and in identifying a physician issue was 37%. When identifying a physician issue, physician care was judged as appropriate by 72%, as controversial by 26%, or as inappropriate by 2%. Residents were more likely than attendings to identify system issues (odds ratio, 2.23) and physician issues (odds ratio, 3.58), but attendings were more likely to rate care controversial or inappropriate (odds ratio, 2.53). Conclusions: Surgical peer reviews, even after group discussion, display substantial heterogeneity. Review methods should account for this heterogeneity.

Bruce Hall: “Does Surgical Quality Improve in the American College of Surgeons National Surgical Quality Improvement Program (ACS-NSQIP): An Evaluation of All Participating Hospitals,” with B. H. Hamilton, K. Richards, K.Y. Bilimoria, M.E. Cohen and C.Y. Ko, *Annals of Surgery* 250:363-76, 2009.

Abstract: Please see abstract listed on page 6 under Bart Hamilton.

Bruce Hall: “Time of Day Effects on Surgical Outcomes in the Private Sector: A Retrospective Cohort Study,” with R. R. Kelz, T. T. Tran, P. Hosokawa, W. Henderson, E.C. Paulson, F. Spitz and B.H. Hamilton, *Journal of the American College of Surgeons* 209:434-45, 2009.

Abstract: Please see abstract listed on page 7 under Bart Hamilton.

Bruce Hall: “Variability in reoperation rates at 182 hospitals: a potential target for quality improvement,” with R.P. Merkow, K.Y. Bilimoria, M.E. Cohen, K. Richards and C.Y. Ko, *Journal of the American College of Surgeons* 209:557-64, 2009.

Abstract: Background: Reoperation rate has gained increasing attention as a potential indicator of surgical quality. Objectives of this study were to examine the feasibility of assessing reoperation rates at 182 hospitals to identify institutions with outlying performance, to examine potentially modifiable factors that are associated with reoperations, and to determine if a more parsimonious logistic regression model effectively predicts reoperations. Study Design: Patients were identified who underwent colorectal procedures at 182 hospitals participating in the American College of Surgeons National Surgical Quality Improvement Program in 2006–2007. Risk-adjusted regression models for reoperation were developed to identify hospitals that had ratios of observed-to-expected events that were substantial outliers. Results: Of 23,098 patients identified, 1,320 (5.7%) required reoperations. Reoperation occurred significantly more often than expected in 16 hospitals and less often than expected in 7 hospitals ($p < 0.05$). Factors that were associated with an increased risk of reoperation were advanced American Society of Anesthesiologists class, male gender, contaminated wounds, surgical extent, surgical indication, smoking, poor functional status, disseminated cancer, COPD, steroid dependence, anemia, body mass index (calculated as kg/m^2) >35 or ≤ 18.5 , and

Olin Research Review

hypertension. Compared with the full logistic regression model, there was a high degree of correlation with the more parsimonious logistic model containing only the first six variables ($r = 0.996$). Conclusions: There is considerable variability in reoperation rates at American College of Surgeon's National Surgical Quality Improvement Program hospitals. American College of Surgeon's National Surgical Quality Improvement Program data can be used to provide individual hospitals with risk-adjusted self-assessment data on reoperations to potentially identify quality-improvement opportunities.

Bruce Hall: "New Approaches to the National Surgical Quality Improvement Program: The American College of Surgeons NSQIP Experience," with K. Richards, A. Ingraham and C.Y. Ko, *Journal of the American College of Surgeons*, 198:S56-62, 2009.

Abstract: In honor of the seminal contributions of Dr. Shukri Khuri to the foundation and development of the National Surgical Quality Improvement Program (NSQIP), a review of recent work and new directions within the American College of Surgeons (ACS) NSQIP is presented, according to the following outline: I. recent work, II. potential existing limitations of NSQIP, III. directions underway for the future, IV. additional initiatives and topics.

Bruce Hall: "Variability in Length of Stay after Colorectal Surgery: Assessment of 182 Hospitals in the National Surgical Quality Improvement Program," with M.E. Cohen, K.Y. Bilimoria, C.Y. Ko and K. Richards, (2009). *Annals of Surgery* (in press).

Abstract: Background: Length of postoperative stay (LOS) has gained increasing attention as a potential indicator of surgical efficiency. Our objective was to examine the feasibility of assessing LOS at 182 hospitals to identify institutions with outlying performance. Methods: Patients were identified who underwent colorectal surgery at 182 hospitals participating in the American College of Surgeon's National Surgical Quality Improvement Program (ACS NSQIP) from 2006 to 2007. Regression models for extended LOS (greater than the 75th percentile) were developed to identify hospitals whose ratios of observed to expected events (O/E) were significantly better (low outlier) or worse (high outlier) than expected after adjustment for case mix. To evaluate strategies for evaluating LOS that would be minimally influenced by the occurrence of complications, separate models were developed for patients categorized either by (1) the nonoccurrence or occurrence of any postoperative complication or (2) tercile of preoperative morbidity risk. Results: The 23,098 patients selected for this study were partitioned into groups without complications (0% complications), with complications (100%) or into terciles of preoperative morbidity risk (with 22.4%, 38.7%, and 60.0% of patients having complications, respectively). In general, the greater the complication rate the longer the LOS and the fewer the number of statistical outliers that were identified. Conclusions: ACS NSQIP data can provide individual hospitals with risk adjusted LOS measures that can be used to identify outlying performance and motivate quality improvement efforts.

Bruce Hall: "Comparison of risk-adjustment methods for assessing ACS NSQIP hospital quality: Logistic versus hierarchical modeling," with M.E. Cohen, J. Dimick, K.Y. Bilimoria, C.Y. Ko and K. Richards, (2009), *Journal of the American College of Surgeons* (in press).

Abstract: Background: Although logistic regression has commonly been used to adjust for risk differences in patient and case mix to permit quality comparisons across hospitals, hierarchical modeling has been advocated as the preferred methodology because it accounts for clustering of patients within hospitals. It is unclear whether hierarchical models would yield important differences in quality assessments compared with logistic models when applied to American College of Surgeons (ACS) National Surgical Quality Improvement Program (NSQIP) data. Our objective was to evaluate differences in logistic versus

Olin Research Review

hierarchical modeling for identifying hospitals with outlying outcomes in the ACS NSQIP. Study Design: Data from ACS NSQIP patients who underwent colorectal operations in 2008 at hospitals that reported at least 100 operations were used to generate logistic and hierarchical prediction models for 30-day morbidity and mortality. Differences in risk-adjusted performance (ratio of observed-to-expected events) and outlier detections from the two models were compared. Results: Logistic and hierarchical models identified the same 25 hospitals as morbidity outliers (14 low and 11 high outliers), but the hierarchical model identified 2 additional high outliers. Both models identified the same eight hospitals as mortality outliers (five low and three high outliers). The values of observed-to-expected events ratios and p values from the two models were highly correlated. Results were similar when data were permitted from hospitals providing ≥ 100 patients. Conclusions: When applied to ACS NSQIP data, logistic and hierarchical models provided nearly identical results with respect to identification of hospitals' observed-to-expected events ratio outliers. As hierarchical models are prone to implementation problems, logistic regression will remain an accurate and efficient method for performing risk adjustment of hospital quality comparisons.

Bruce Hall: "Toward Robust Information: Data Quality and Inter-Rater Reliability in the American College of Surgeons National Surgical Quality Improvement Program," with M. Shiloach, S.K. Frencher, J.E. Steeger, K.S. Rowell, K. Bartzokis, M.G. Tomeh, K.E. Richards and C.Y. Ko . (2009). *Journal of the American College of Surgeons* (in press).

Abstract: Background: Data used for evaluating quality of medical care need to be of high reliability to ensure valid quality assessment and benchmarking. The American College of Surgeons National Surgical Quality Improvement Program (ACS NSQIP) has continually emphasized the collection of highly reliable clinical data through its program infrastructure. Study Design: We provide a detailed description of the various mechanisms used in ACS NSQIP to assure collection of high quality data, including training of data collectors (surgical clinical reviewers) and ongoing audits of data reliability. For the 2005 through 2008 calendar years, inter-rater reliability was calculated overall and for individual variables using percentages of agreement between the data collector and the auditor. Variables with $> 5\%$ disagreement are flagged for educational efforts to improve accurate collection. Cohen's kappa was estimated for selected variables from the 2007 audit year. Results: Inter-rater reliability audits show that overall disagreement rates on variables have fallen from 3.15% in 2005 (the first year of public enrollment in ACS NSQIP) to 1.56% in 2008. In addition, disagreement levels for individual variables have continually improved, with 26 individual variables demonstrating $> 5\%$ disagreement in 2005, to only 2 such variables in 2008. Estimated kappa values suggest substantial or almost perfect agreement for most variables. Conclusions: The ACS NSQIP has implemented training and audit procedures for its hospital participants that are highly effective in collecting robust data. Audit results show that data have been reliable since the program's inception and that reliability has improved every year.

Bruce Hall: "Comparison of Hospital Performance in Nonemergency Versus Emergency Colorectal Operations at 142 Hospitals," with A.M. Ingraham, M.E. Cohen, K.Y. Bilimoria, J. M. Feinglass, K.E. Richards and C.Y. Ko (2009), *Journal of the American College of Surgeons* (in press).

Abstract: Background: Quality improvement efforts have demonstrated considerable hospital-to-hospital variation in surgical outcomes. However, information about the quality of emergency surgical care is lacking. The objective of this study was to assess whether hospitals have comparable outcomes for emergency and nonemergency operations. Study Design: Patients undergoing colorectal resections were identified from the American College of Surgeons National Surgical Quality Improvement Program (ACS NSQIP) 2005 to 2007 dataset. Logistic regression models for 30-day morbidity and mortality after

Olin Research Review

emergency and nonemergency colorectal resections were constructed. Hospital risk-adjusted outcomes as measured by observed to expected (O/E) ratios, outlier status, and rank-order differences were compared. Results: Of 25,710 nonemergency colorectal resections performed at 142 ACS NSQIP hospitals, 6,138 (23.9%) patients experienced at least 1 complication, and 492 (1.9%) patients died. There were 5,083 emergency colorectal resections; 2,442 (48%) patients experienced at least 1 complication, and 780 (15.3%) patients died. Outcomes for nonemergency versus emergency operations were weakly correlated for morbidity and mortality (Pearson correlation coefficient: 0.28 versus 0.13). Median differences in hospital rankings based on O/E ratios between nonemergency and emergency performance were 30.5 ranks (interquartile range [IQR] 13 to 59) for morbidity and 34 ranks (IQR 17 to 61) for mortality. Conclusions: Hospitals with favorable outcomes after nonemergency colorectal resections do not necessarily have similar outcomes for emergency operations. Hospitals should specifically examine their performance on emergency surgical procedures to identify quality improvement opportunities and focus quality improvement efforts appropriately.

Bruce Hall: "Missing Data in the American College of Surgeons National Surgical Quality Improvement Program Are Not Missing at Random: Implications and Potential Impact on Quality Assessments." with B.H. Hamilton, C.Y. Ko and K. Richards, (2010), *Journal of the American College of Surgeons* (in press). Abstract: Please see abstract listed on page 7 under Bart Hamilton.

Bruce Hall: "Quantitative Weighting of Postoperative Complications Based on the Accordion Severity Grading System: Demonstration of Potential Impact Using the American College of Surgeons National Surgical Quality Improvement Program," with M. Porembka, M. Hirbe and S. Strasberg (2010), *Journal of the American College of Surgeons* (in press).

Abstract: Objectives: To quantify severity of postoperative complications based on the Accordion severity grading system, determine the ability of severity grading to enhance NSQIP data, and develop an aggregate measure of severity of complications (the postoperative morbidity index). Methods: 43 surgical experts rated vignettes containing postoperative complications on a severity scale. Vignettes were based on the Accordion severity grading system, derived from the Toronto severity grading system. The system was adjusted using the expert severity scale results and applied to one year of NSQIP outcomes (1857 patients, 704 complications) at a large tertiary center. Results: Experts initially distinguished the six grades of severity in a highly significant manner (t-test probabilities all <0.005), with one exception. They rated re-operation and single-system organ failure without re-operation as similar, rather than distinct in severity. The Accordion system was adjusted to reflect this. Distinction of grades thereafter was highly significant (t-test probabilities all <0.005). Application to ACS NSQIP data provided important novel insights. For instance, complications in 6 ACS NSQIP categories spanned 4 or more severity grades. Severity-weighted outcomes revealed that quantitatively the greatest burden of outcomes was due to wound infection, shock and return to the operating room, which is not revealed by unweighted outcomes. Based on this information, an aggregate measure of severity of complications - the postoperative morbidity index - was proposed. Conclusions: Quantitative severity weighting of complications is feasible. Adjustment of ACS NSQIP outcomes using this quantitative severity grading system provides uniquely informative representations of relative burdens of morbidities.

MARKETING

Cynthia Cryder: “Informative Inducement: Study Payment as a Signal of Risk,” with A.J. London, K.G. Volpp and G. Loewenstein, forthcoming in *Social Science and Medicine*.

Abstract: In research involving human subjects, large participation payments often are deemed undesirable because they may provide 'undue inducement' for potential participants to expose themselves to risk. However, although large incentives may encourage participation, they also may signal the riskiness of a study's procedures. In three experiments, we measured people's interest in participating in potentially risky research studies, and their perception of the risk associated with those studies, as functions of participation payment amounts. All experiments took place 2007-2008 with an online nationwide sample or a sample from a northeastern U.S. city. We tested whether people judge studies that offer higher participation payments to be riskier, and, if so, whether this increased perception of risk increases time and effort spent learning about the risks. We found that high participation payments increased willingness to participate, but, consistent with the idea that people infer riskiness from payment amount, high payments also increased perceived risk and time spent viewing risk information. Moreover, when a link between payment amount and risk level was made explicit in Experiment 3, the relationship between high payments and perceived risk strengthened. Research guidelines usually prohibit studies from offering participation incentives that compensate for risks, yet these experiments results indicate that potential participants naturally assume that the magnitude of risks and incentives are related. This discrepancy between research guidelines and participants assumptions about those guidelines has implications for informed consent in human subjects' research.

Dmitri Kuksov: “When More Alternatives Lead to Less Choice,” joint with J. Miguel Villas-Boas, forthcoming in *Marketing Science*.

Abstract: This paper shows that when the alternatives offered to consumers span the preference space (as it would be chosen by a firm), search/evaluation costs may lead consumers not to search and not to choose if too many or too few alternatives are offered. If too many alternatives are offered, then the consumer may have to engage in many searches/evaluations to find a satisfactory fit. This may be too costly and result in the consumer avoiding making a choice altogether. If too few alternatives are offered, then, too, a consumer may not search or choose, fearing that an acceptable choice is unlikely. These two forces result in the existence of a finite optimal number of alternatives that maximizes the probability of choice.

Dmitri Kuksov: “Communication Strategy in Partnership Selection,” *Quantitative Marketing and Economics*, 7 (3), pp. 267–288.

Abstract: This paper explores the communication and choice strategies of economic agents deciding on a partnership, where agents are uncertain about their payoffs, and payoffs of each agent depend on and are partly known to the potential partner. Business examples of such decisions include mergers, acquisitions, distribution channel partners, as well as manufacturing and brand alliances. Dating and marriage partner selection are also natural examples of this game. The paper shows that a) when communication is informative, the communication strategy as a function of the expected payoff of the partnership involves pretending fit when expected payoff is high, pretending misfit when expected payoff is low, and telling the truth in the intermediate range, and b) the condition for informativeness of communication is that the distribution of payoffs has thin tails. Furthermore, the paper shows that the possibility of communication, even when this communication is not restricted to be truthful, can decrease the expected payoff for both the sender and the receiver; in particular, it can decrease the expected social welfare.

Selin Malkoc: “Discounting Time and Time Discounting: Subjective Time Perception and Intertemporal Preferences,” with Gal Zauberman, B. Kyu Kim and James R. Bettman in the *Journal of Marketing Research*, 46(4), 543 – 556.

Abstract: Consumers often make decisions about outcomes and events that occur over time. This research examines consumers’ sensitivity to the prospective duration relevant to their decisions and the implications of such sensitivity for intertemporal trade-offs, especially the degree of present bias (i.e., hyperbolic discounting). The authors show that participants’ subjective perceptions of prospective duration are not sufficiently sensitive to changes in objective duration and are nonlinear and concave in objective time, consistent with psychophysical principles. More important, this lack of sensitivity can explain hyperbolic discounting. The results replicate standard hyperbolic discounting effects with respect to objective time but show a relatively constant rate of discounting with respect to subjective time perceptions. The results are replicated between subjects (Experiment 1) and within subjects (Experiments 2), with multiple time horizons and multiple descriptors, and with different measurement orders. Furthermore, the authors show that when duration is primed, subjective time perception is altered (Experiment 4) and hyperbolic discounting is reduced (Experiment 3).

Chakravarthi Narasimhan: “Product Line Pricing in a Supply Chain,” with L. Dong and K. Zhu, forthcoming in *Management Science*.

Abstract: A vertically integrated channel would prefer to coordinate the pricing of its products. In this paper, we investigate drivers of product line pricing decisions in a bilateral monopoly where a manufacturer produces and sells two substitutable or complementary products to a retailer. In a two stage game each firm commits credibly in the first stage to a pricing scheme within its own organization: product line pricing (PLP) or non-product line pricing (NPLP). In the second stage, depending on the relative balance of power in the supply chain, the firms engage in either a Nash or a leader-follower pricing game. We study the equilibrium of the two stage game under a general symmetric demand function. With strategic interaction between firms, a firm may choose NPLP as the equilibrium pricing strategy. In particular, when the second stage is a leader-follower game, the price leader chooses PLP, and the follower may choose NPLP only if the inefficiency of using NPLP empowers the follower by increasing the demand sensitivity to the leader's margin. When the second stage is a vertical Nash game, whether NPLP occurs in equilibrium depends on the nature of coupling between demand interdependence and vertical strategic dependence: NPLP can be an equilibrium only if products are demand substitutes (complements) and vertical strategic dependence is complement (substitute). We find that prisoner's dilemma exists in the first stage for both types of second stage pricing games. In those cases, one firm may have the incentive to commit to a pricing scheme in the first stage prior to its channel partner and steer the supply chain away from prisoner's dilemma.

OPERATIONS AND MANUFACTURING MANAGEMENT

Ling Dong: “Product Line Pricing in a Supply Chain,” with C. Narasimhan and K. Zhu, forthcoming in *Management Science*.

Abstract: Please see abstract listed on page 17 under Chakravarthi Narasimhan.

Ling Dong: “Global Facility Network Design with Transshipment and Responsive Pricing,” with P. Kouvelis and P. Su, forthcoming in *Manufacturing & Service Operations Management*.

Abstract: This paper considers the facility network design problem for a global firm who sells to two markets: the domestic market and a foreign market. The firm has to invest in capital intensive production facilities and produce outputs in the face of demand and exchange rate uncertainties, but can postpone the transshipment, localization, and distribution of the output until after uncertainties are resolved. The key network design decisions faced by the firm are in which of the two markets to locate the capital intensive production facilities and the corresponding output levels. We provide the complete characterization of the optimal global facility network configuration for two types of global firms: a newsvendor with exogenously given selling prices, and a firm with the flexibility of pricing responsively after uncertainties are resolved. Our study's focus is on the impact of exchange rate uncertainty and responsive pricing on the facility network decisions. Compared to a newsvendor facing demand uncertainty only, the introduction of exchange rate uncertainty or the use of responsive pricing can increase the attractiveness of centralized production. A responsive-pricing firm's optimal network design differs from that of a newsvendor firm as follows. (1) The firm's network preference is less susceptible to the increase of localization costs. (2) The firm is less likely to switch from a network of regional production to a network of centralized production in response to increasing size of one market. (3) Demand and exchange rate uncertainties can have opposite effects on its optimal centralized output when the nature of the random shocks they introduce to the firm's demand function is different: under linear demand function, the optimal centralized output increases in the demand volatility when demand shock is additive, but it may decrease in the exchange rate volatility because the corresponding price shock is multiplicative. Interestingly, common to both types of firms, their network preferences, although sensitive to costs and mean demand and exchange rate, are robust to the demand and exchange rate volatilities, suggesting that transshipment-enabled output substitutability between the two markets diminishes the impact of increasing market volatilities on the network design decision.

Panos Kouvelis: “Global Facility Network Design with Transshipment and Responsive Pricing,” with L. Dong and P. Su, forthcoming in *Manufacturing & Service Operations Management*.

Abstract: Please see abstract listed above under Ling Dong.

Tava Olsen: “Inventory Control with Generalized Expediting,” with E. Huggins, forthcoming in *Operations Research*.

Abstract: We consider a single-item, periodic-review inventory control problem in which discrete stochastic demand must be satisfied. When shortages occur, the unmet demand must be filled by some form of expediting; we allow a very general form for the cost structure of expediting. We explicitly consider the case where expedited production is allowed to produce up to a positive inventory level. We also consider the case where expedited production beyond the deficit is not permitted; an alternate application for this model is an inventory system with general lost sales costs. For the infinite horizon discounted problem, we characterize

the structure of the optimal stationary expediting policy and show that an (s,S) policy is optimal for regular production. For the special cases where the expediting cost function is concave or consists of a fixed and linear per-unit cost, we show that the optimal stationary expediting policy is generalized (s,S) or order-up-to, respectively. A numerical study allows us to gain insight into when expediting above and beyond the deficit is cost-effective.

Fuqiang Zhang: “Procurement Mechanism Design in a Two-Echelon Inventory System with Price-Sensitive Demand,” forthcoming in *Manufacturing & Service Operations Management*.

Abstract: This paper studies a buyer's procurement strategies in a two-stage supply chain with price-sensitive demand. The buyer procures a product from a supplier and then sells to the marketplace. Market demand is stochastic and depends on the buyer's selling price. The supplier's production cost is private information, and the buyer only knows the distribution of the cost. Both the buyer and the supplier can hold inventories to improve service, and a periodic review inventory system is considered. The buyer takes two attributes into consideration when designing the procurement mechanism: quantity attribute (i.e., the total purchase quantity) and service-level attribute (i.e., the supplier's delivery performance). We first identify the optimal procurement mechanism for the buyer, which consists of a nonlinear menu of contracts for each of the two attributes. It can be shown that the optimal mechanism induces both a lower market demand and a lower service level compared to the supply chain optimum. In view of the complexity of the optimal mechanism, we proceed to search for simpler mechanisms that perform well for the buyer. We find that the above two attributes have different implications for procurement mechanism design: The value of using complex contract terms is generally negligible for the service-level attribute, while it can be highly valuable for the quantity attribute. In particular, we demonstrate that a fixed service-level contract, which consists of a target service level and a price-quantity menu, yields nearly optimal profit for the buyer. Additionally, the price-quantity menu is essentially a quantity discount scheme widely observed in practice.

STRATEGY

Nick Argyres: “Innovation, Modularity and Vertical De-Integration: Evidence from the Early U.S. Auto Industry,” with L. Bigelow, forthcoming in *Organization Science*.

Abstract: Even though vertical integration choices have been found to significantly affect firm performance, there has been little empirical study of how such choices are affected by the stage of industry evolution in which firm’s find themselves. We empirically investigate two possible impacts of increasing modularity on firm’s vertical integration choices. First, we hypothesize that increasing modularity is associated with vertical de-integration because of the high-level standardization of components that dominant designs tend to promote. Second, we posit that firms selling in higher market segments, because they are attempting to differentiate their products by incorporating unique components with less modular interfaces with other components, will tend to be more vertically integrated than their lower-price rivals. We find evidence for both of these effects in data from the early U.S. auto industry.

Nick Argyres: “N.S. Internal Organization from a Transaction Cost Perspective,” with J. Nickerson and B. Silverman (eds.), forthcoming in *Advances in Strategic Management: The Economic Institutions of Strategy*, London: Emerald.

Abstract: Internal organization was for many years a central concern for transaction cost economics (TCE). Since then, however, research on internal organization using transaction cost theory has been overshadowed by research on vertical integration, contract structures, and other phenomena. In this chapter, I aim to show that recent developments suggest fascinating new research questions, and open up important new research opportunities for the intrepid scholar. I do not attempt to be exhaustive in discussing these new research opportunities in what is a very broad area, but instead focus on three very specific but related topics where I think interesting opportunities lie for transaction cost-based research: (1) internal hybrid forms, (2) informal organization and (3) rent-seeking vs. adaptation in the design of hierarchies.

Nick Argyres: “Transaction Costs, Industry Experience, and Make-or-Buy Decisions in the Population of Early U.S. Auto Firms,” with L. Bigelow, *Journal of Economic Behavior and Organization*, 66: 791-807 (2008).

Abstract: We study the determinants of make-or-buy decisions for engines made by every recorded U.S. auto firm during 1917-1933. Most make-or-buy studies testing predictions of transaction cost economics exclude smaller firms, even though their make-or-buy behavior might be different from large firms’ due to capital constraints or other factors. We find that transaction cost effects on make-or-buy choices were nevertheless important at the population level. We also find that firm experience in the industry, as well as pre-entry experience, significantly affected make-buy choices. These experience effects may reflect the interaction of mechanisms emphasized in evolutionary and transaction cost theories.

Dan Elfenbein: “Exclusivity, Contingent Control Rights, and the Design of Internet Portal Alliances,” with J. Lerner, forthcoming in the *Journal of Law, Economics, and Organization*.

Abstract: We explore the relationship between exclusivity and the use of verifiable performance measures to allocate state-contingent control rights using a sample of over 100 Internet portal alliance contracts. We find that the stronger the exclusivity arrangement between the parties, the more likely are contingent control rights to be incorporated into alliance contracts. In particular we find evidence that, for both portals and their partner firms, the more exclusively bound one party is, the more likely its counterparty is to be granted contingent control rights. Additionally, we find that portals’ alliance partners are more likely to receive contingent control rights when they are prohibited from doing business with other portals, and that contingent control rights are less likely to appear as the industry matures. Our findings are consistent with theoretical explanations that exclusivity provisions and contingent control rights both provide incentives to invest in the face of potential hold-up problems and also with the proposition that exclusive arrangements lead firms to seek contingent control rights to avoid lock-in when environmental uncertainty is high.

Dan Elfenbein: “The Small Firm Effect and the Entrepreneurial Spawning of Scientists and Engineers,” with B. Hamilton and T. Zenger, forthcoming in *Management Science*.

Abstract: Please see abstract listed on page 8 under Bart Hamilton.

Dan Elfenbein: “Last Minute Bidding in eBay Charity Auctions,” with B. McManus, forthcoming in *Economics Letters*.

Abstract: Relative to typical eBay auctions, bidding in eBay charity auctions occurs earlier and also less frequently in the auctions’ final seconds. This suggests that some charity bidders benefit from driving-up others’ payments, as when auction revenue is a public good.

Jackson Nickerson: “N.S. Internal Organization from a Transaction Cost Perspective,” with N. Argyres and B. Silverman (eds.), forthcoming in *Advances in Strategic Management: The Economic Institutions of Strategy*, London: Emerald.

Abstract: Please see abstract listed on page 20 under Nick Argyres.

Todd Zenger: “The Small Firm Effect and the Entrepreneurial Spawning of Scientists and Engineers,” with D. Elfenbein and B. H. Hamilton, forthcoming in *Management Science*.

Abstract: Please see abstract listed on page 8 under Bart Hamilton.

CONFERENCE *Acceptances & Presentations*

ACCOUNTING

Gauri Bhat: Presented “Information Asymmetry around Bank Earnings Announcements during the Recent Financial Crisis,” joint with Sudarshan Jayaraman, at University of Missouri - St Louis Research Seminar Series, October 2nd, 2009.

Gauri Bhat: Presented “Information Asymmetry around Bank Earnings Announcements during the Recent Financial Crisis,” joint with Sudarshan Jayaraman, at the 2009 Nick Dopuch Accounting Conference at Washington University in St Louis, November 2009.

Gauri Bhat: Presented “Information Asymmetry around Bank Earnings Announcements during the Recent Financial Crisis,” joint with Sudarshan Jayaraman, at the 2009 Indian School of Business Accounting Research Conference, December 2009.

Xiumin Martin: Presented “Can Firms Adjust Their ‘Opaqueness’ to Lenders? Evidence from Foreign Bank Entry into India,” joint with T. Gormley and K. Bong, at the National Bureau of Economic Research Conference, Boston, MA, Nov 20, 2009.

ECONOMICS

Amitay Alter: Presented “The Organization of Venture Capital Firms,” at the 9th Annual Roundtable for Engineering Entrepreneurship Research (REER), at Georgia Tech College of Management, November 13-15, 2009.

Amitay Alter: Presented “The Organization of Venture Capital Firms,” at the National Bureau of Economic Research Entrepreneurship Working Group, in Cambridge, MA, December 11, 2009.

Kelly Bishop: Presented “A Dynamic Model of Location Choice and Hedonic Valuation,” at the St. Louis Federal Reserve, October 2009.

Kelly Bishop: Presented “Simple, Consistent Estimation of the Marginal Willingness to Pay Function: Recovering Rosen's Second Stage without Instrumental Variables,” joint with Christopher Timmins, at the Urban Economics Association Meetings, North American Regional Science Conference, San Francisco, November 2009.

Alvin Murphy: Presented “A Dynamic Model of Demand for Houses and Neighborhoods,” at the Urban Economics Association Meetings, North American Regional Science Conference, San Francisco, November 2009.

Alvin Murphy: Presented “A Dynamic Model of Housing Supply,” at the St. Louis Federal Reserve, October 2009.

Alvin Murphy: Presented “A Dynamic Model of Housing Supply,” at the Department of Economics, UCLA, October 2009.

Alvin Murphy: Presented “A Dynamic Model of Housing Supply,” at Sauder School of Business, University of British Columbia, November 2009.

FINANCE

Long Chen: Presented “Myopic Extrapolation, Price Momentum, and Price Reversal,” at the University of Miami, September 2009.

Long Chen: Presented “What Moves Investment?” at the University of Oregon, October 2009.

Long Chen: Presented “Dividend Smoothing and Predictability,” at the Finance Research Association Annual Meeting (Las Vegas), December 2009.

Long Chen: Will present “What Moves Investment?” at the Jackson Hole Finance Conference, January 2010.

Radha Gopalan: Presented “How do business groups evolve? Evidence from new project announcements,” joint with Meghana Ayyagari and Vijay Yerramilli, at the Indian School of Business Summer Research Conference in Hyderabad India, July 17-19, 2009.

Radha Gopalan: Presented “Strategic Flexibility and the Optimality of Pay for Sector Performance,” joint with Todd Milbourn and Fenghua Song, at the Indian School of Business Summer Research Conference in Hyderabad, India, July 17-19, 2009.

Radha Gopalan: Presented “Investment Decisions, Asset Liquidity and Stock Liquidity,” joint with Ohad Kadan and Mikhail Pevzner, at the European Finance Association Bergen, Norway, August 19-22, 2009.

Radha Gopalan: Presented “How do defaults affect lead arranger reputation in the loan syndication market?” joint with Vikram Nanda and Vijay Yerramilli, at the University of Miami, September 25, 2009.

Radha Gopalan: Presented “Investment Decisions, Asset Liquidity and Stock Liquidity,” joint with Ohad Kadan and Mikhail Pevzner, at the Swiss Central Bank Conference on Microstructure of Financial Markets, October 8-9, 2009.

Radha Gopalan: Presented “How do defaults affect lead arranger reputation in the loan syndication market?” joint with Vikram Nanda and Vijay Yerramilli, at the Kansas City Fed, October 22, 2009.

Radha Gopalan: Presented “How do business groups evolve? Evidence from new project announcements,” joint with Meghana Ayyagari and Vijay Yerramilli, at the FEA Meetings at New Jersey, November 13-14, 2009.

Radha Gopalan: Will present “Do equity markets matter in emerging economies? Evidence from India,” joint with Todd Gormley, at the Darden Emerging Markets Conference, Darden School of Business on March 18-19, 2010.

Olin Research Review

Lubo Litov: Presented “Corporate Governance and Financing Policy: New Evidence,” joint with Kose John, at the 2009 Conference on Empirical Legal Studies Conference at University of Southern California Law School, Nov 20th 2009.

Lubo Litov: Presented “Capital Structure of Non-Financial Firms with Financing Subsidiaries,” at the University of California-San Diego, Dec 3rd 2009.

Todd Milbourn: Presented “Strategic Flexibility and the Optimality of Pay for Sector Performance,” joint with Radha Gopalan and Fenghua Song, at the Indian School of Business Summer Research Conference , Hyderabad, India, July 17-19, 2009.

Todd Milbourn: Presented “Reputation and Competition: Evidence from the Credit Rating Industry,” joint with Bo Becker, at the Finance Seminar at Temple University, September 2009.

Todd Milbourn: Presented “Reputation and Competition: Evidence from the Credit Rating Industry,” joint with Bo Becker, at the Finance Seminar at University of Notre Dame, October 2009.

Todd Milbourn: Presented “The Role of Stock Liquidity in Executive Compensation,” joint with Sudarshan Jayaraman, at the Indian School of Business Accounting Research Conference, December 2009.

Anjan Thakor: Presented “Financial Crises and the Challenges for Future Research” as a keynote address at the 2009 Wolpertinger Banking Conference, Rome, Italy, September 2009.

Anjan Thakor: Presented “Infectious Leverage,” joint with Fenghua Song, at the Imperial College-Bundesbank Conference on the Financial Crisis, Frankfurt, Germany, September 2009.

Anjan Thakor: Session Chairperson for “Rating Agency Incentives” at the FDIC/Journal of Financial Services Research 9th Annual Bank Research Conference, Arlington, Virginia, September 2009.

Anjan Thakor: Presented “Financial Crises and the Challenges for the Future” at the 51st National Association of Business Economists (NABE) Annual Meeting, St. Louis, Missouri, October 2009.

Anjan Thakor: Presented “Infectious Leverage,” joint with Fenghua Song, at the Federal Reserve Bank of New York, on December 9, 2009.

Deniz Yavuz: Presented “Bank ownership, capital allocation, and economic performance,” joint with R. Morck, and B. Yeung, at the Second International Conference on Corporate Governance in Emerging Markets, San Paolo, Brazil, July 2009.

Olin Research Review

MANAGEMENT

Sharon Cannon: Presented “Performance Appraisals in the Business Communication Classroom: Strategic Communication in Action,” joint with P. Harms, at the Association for Business Communication, Lake Tahoe, NV., October 2008.

Sharon Cannon: Presented “Exploring Experiential Learning in the Management Communication Classroom,” at the Association for Business Communication, Portsmouth, VA., November 2009.

David Meyer: Presented “Job Mobility Networks of Hong Kong Investment Bankers,” at the 10th Asian Urbanization Conference, University of Hong Kong, Hong Kong, China, August 18, 2009.

David Meyer: Presented “The State Banks of China Confront Problems of Network Governance,” at the Advanced Institute for Contemporary China Studies, Hong Kong Baptist University, Hong Kong, China, October 6, 2009.

David Meyer: Presented “Hong Kong’s Investment Banking Networks,” at the Department of Urban Planning and Design, Faculty of Architecture, University of Hong Kong, Hong Kong, China, October 7, 2009.

MARKETING

Selin Malkoc: Presented “Functional Regret: The Positive Effects of Regret on Learning from Negative Experiences,” joint with N. Nelson and B. Shiv, at the Association of Consumer Research Conference in Pittsburg, PA, October 2009.

OPERATIONS AND MANUFACTURING MANAGEMENT

Sergio Chayet: Presented “Vertical Differentiation and Capacity Planning when the Market’s Potential and Size are Uncertain,” joint with Dennis Yu and Panos Kouvelis, at the INFORMS Annual Conference, San Diego, CA, October 11, 2009.

Ling Dong: Presented “Global Facility Network Design with Transshipment and Responsive Pricing,” joint with Ping Su, at the Manufacturing and Service Operations Management Conference, June 2009.

Ling Dong: Presented “Global Facility Network Design with Transshipment and Responsive Pricing,” joint with Ping Su, at the 2009 INFORMS Conference, San Diego, 2009.

Ling Dong: Presented “Value of Processing Flexibility in Uncertain Supply and Demand Environment,” joint with Xiaole Wu, at the 2009 INFORMS Conference, San Diego, 2009.

Tava Olsen: Presented “Service Capacity Management with Strategic Customers,” joint with H. Wang, at the Manufacturing and Service Operations Management Conference, at MIT, Boston, June 2009.

Tava Olsen: Presented “Modeling Abandonment from an Emergency Department,” joint with E. Bolandifar, at the INFORMS National Meeting, San Diego, October 2009.

Tava Olsen: Presented “Service Capacity Management with Strategic Customers,” joint with H. Wang, at the INFORMS National Meeting, San Diego, October 2009.

Fuqiang Zhang: Presented “Advance demand information, price discrimination, and pre-order strategies,” at the Manufacturing and Service Operations Management Conference, MIT, Boston, MA, June 28-30, 2009.

Fuqiang Zhang: Presented “Service outsourcing: capacity, quality, and correlated costs,” at the INFORMS Annual Meeting, San Diego, CA, October 11-14, 2009.

Fuqiang Zhang: Presented “Procurement Mechanism Design in a Two-Echelon Inventory System with Price-Sensitive Demand,” at the University of Texas at Austin, Oct. 30, 2009.

Fuqiang Zhang: Presented “Procurement Mechanism Design in a Two-Echelon Inventory System with Price-Sensitive Demand,” at the University of North Carolina at Chapel Hill, Nov. 6, 2009.

Fuqiang Zhang: Presented “Procurement Mechanism Design in a Two-Echelon Inventory System with Price-Sensitive Demand,” at McGill University, Nov. 13, 2009.

ORGANIZATIONAL BEHAVIOR

Kurt Dirks: Presented “Behavioral Insights into the Nature of Morality and Ethics,” panelist in Professional Development Workshop, at the Academy of Management Meeting, Chicago, IL. August 2009.

Kurt Dirks: Presented “The persistence of distrust following false allegations and the implications of race,” joint with P. Boumgarden, L. Nesse, & A. Lambert at the Academy of Management Meeting, Chicago, IL. in August 2009.

Kurt Dirks: Presented "Trust in leaders" at the Alpbach Forum, Political Symposium, Austria, October 2009.

Lee Konczak: Presented “Strengthening EMBA Teams: An Assessment-Based Approach to Team Feedback,” joint with Kay Henry, at the Executive MBA Council Conference, San Diego, CA, October 20, 2009.

STRATEGY

Dan Elfenbein: Presented “Exclusivity, Contingent Control Rights, and the Design of Internet Portal Alliances,” joint with Josh Lerner, at the Academy of Management Meeting, Chicago, IL, August 2009.

Dan Elfenbein: Presented “Bargaining over Social Capital,” joint with Todd Zenger, at the Academy of Management Meeting, Chicago, IL, August 2009.

Dan Elfenbein: Presented “The Economics of Relational (Social) Capital in Industrial Procurement,” joint with Todd Zenger, at the Strategic Management Society, Washington, DC, October 2009.

Dan Elfenbein: Presented “The Economics of Relational (Social) Capital in Industrial Procurement,” joint with Todd Zenger, at the University of Michigan, October 30, 2009.

Dan Elfenbein: Presented “The Small Firm Effect and the Entrepreneurial Spawning of Scientists and Engineers,” joint with Bart Hamilton and Todd Zenger, at the University of Missouri-Columbia, the Sherlock Hibbs Distinguished Lecture in Business and Economics, November 6, 2009.

Anne Marie Knott: Presented “No Exit: Failure to exit under uncertainty” at UT Dallas, October 2009.

Anne Marie Knott: Presented “No Exit: Failure to exit under uncertainty” at UCLA, October 2009.

Anne Marie Knott: Presented “No Exit: Failure to exit under uncertainty” at IESE Business School, Barcelona, Spain, November 2009.

Anne Marie Knott: Presented “No Exit: Failure to exit under uncertainty” at Universidad Carlos III, Madrid, Spain, November 2009.

Jackson Nickerson: Presented: “Solving the Problem of Organizational Structure and Design,” at the Academy of Management Conference, Chicago, IL, August 8, 2009.

Jackson Nickerson: Presented “Integrating Theories of Problem Formulation,” at the Strategic Management Society Conference, Washington, DC, October 11, 2009.

Todd Zenger: Presented “Organizational Economics and Organizational Capabilities,” joint with Nick Argyres, at the Academy of Management Meeting, August 2009.

Todd Zenger: Presented “Tie Portfolios, Tie Interdependence, and the Emergence of Churning Ties,” joint with Sergio Lazzarini, at the Academy of Management Meeting, August 2009.

Todd Zenger: Presented “The Influence of Dynamics on the Theory of the Firm,” at the Strategic Management Society, Washington DC, October 2009.

Olin Research Review

Todd Zenger: Presented “Research in Corporate Strategy,” at the Strategic Management Society, Washington, DC, October 2009.

BOOK Chapters

ECONOMICS

Sid Chib: “Multivariate Stochastic Volatility,” with Y. Omori and M. Asai, in *Handbook of Financial Time Series* (eds. T.G. Andersen, R.A. Davis, Jens-Peter Kreiss and T. Mikosch), Springer-Verlag, Berlin Heidelberg, (2009), 365-400.

FINANCE

Anjan Thakor: “The Accelerating Integration of Banks and Markets and its Implications for Regulation,” with Arnoud W.A. Boot, in *Oxford Handbook of Banking*, (eds. Allen Berger, Phil Mullineaux and John Wilson), September 2009.

MANAGEMENT

Bruce Hall: “Investigations using Clinical Data Registries- Observational Studies and Risk Adjustment,” with K. Bilimoria and C. Ko, *Surgery* 145:602-610, 2009.

Bruce Hall: “Quality Improvement in Surgery: the ACS NSQIP Approach,” with A.M. Ingraham, K.E. Richards and C.Y. Ko, *Advances in Surgery*, Volume 44, in press.

David Meyer: “Financial Centers, International,” *International Encyclopedia of Human Geography*, vol. 1, edited by R. Kitchin and N. Thrift (Oxford, Eng.: Elsevier, 2009), pp. 146-152.

Olin Research Review

MARKETING

Cynthia Cryder: “The critical link between tangibility and generosity,” with G. Loewenstein, forthcoming in *The Science of Giving: Experimental Approaches to the Study of Charity*. Taylor and Francis. D. M. Oppenheimer & C.Y. Olivola (eds.)

STRATEGY

Jackson Nickerson: *Economic Institutions of Capitalism*, J. A. Nickerson and B. S. Silverman (eds.), *Advances in Strategic Management* (Vol. 26), Emerald Group Publishing Limited, 2009.

Jackson Nickerson: “Economic Performance, Strategic Position and Vulnerability to Ecological Pressures Among U.S. Interstate Motor Carriers,” with Brian S. Silverman, in *Advances in Strategic Management: Disciplinary Roots of Strategic Management Research* (1998), ed. Joel A. C. Baum, Volume 15, Greenwich, CT: JIA Press.

HONORS

ACCOUNTING

Mahendra Gupta: “Customer Level Profitability Implications of Satisfaction Programs: A Retailer Satisfaction Field Study”, joint with Chakravarthi Narasimhan was recently listed on SSRN's Top Ten download list for Mgr Mkt: Business-to-Business Marketing (Topic), Mgr Mkt: Channel Management & Retailing (Topic), Mgr Mkt: Customer Relationship Management (Topic) and Mgr Mkt: Customer Service (Topic).

FINANCE

Long Chen: “Corporate Yield Spreads and Bond Liquidity,” joint with David Lesmond and Jason Wei, in the 2007, *Journal of Finance*, was recently selected by *Journal of Finance* as one of the top ten most cited articles published in *Journal of Finance*.

Todd Milbourn and Radha Gopalan: “Strategic Flexibility and the Optimality of Pay for Sector Performance,” joint with Fenghua Song from Pennsylvania State University, won the *Citigroup Award for the best paper*, at the 2009 Summer Research Conference hosted by The Centre for Analytical Finance (CAF), at the Indian School of Business' (ISB) on July 20, 2009.

Anjan Thakor: “Overconfidence, CEO Selection and Corporate Governance” listed on SSRN's Top Ten download list for Corporate Governance: Actors and Players.

Anjan Thakor: “Do Envious CEOs Cause Merger Waves?” with Anand Goel, forthcoming in the *Review of Financial Studies*, was a featured post on the Harvard Law School Forum on Corporate Governance and Financial Regulation, November 23, 2009.

Anjan Thakor: “Bank Capital and Value in the Cross Section,” with Hamid Mehran, forthcoming in the *Review of Financial Studies*, was listed on the Social Science Research Network (SSRN) Top Ten Download List for Organizations & Markets: Organizational Forms, November 10, 2009.

MARKETING

Chakravarthi Narasimhan: “Customer Level Profitability Implications of Satisfaction Programs: A Retailer Satisfaction Field Study,” joint with Mahendra Gupta, was recently listed on SSRN's Top Ten download list for Mgr Mkt: Business-to-Business Marketing (Topic), Mgr Mkt: Channel Management & Retailing (Topic), Mgr Mkt: Customer Relationship Management (Topic) and Mgr Mkt: Customer Service (Topic).

OPERATIONS AND MANUFACTURING MANAGEMENT

Sergio Chayet: Received Reid Teaching Award, from PMBA December 2009 Graduates

Fuqiang Zhang: Received the Wickham Skinner Early-Career Research Accomplishments Award, Production and Operations Management Society (POMS), 2009

Fuqiang Zhang: Received the Distinguished Service Award from *Management Science*, 2009

Fuqiang Zhang: Accepted the invitation to be an Associate Editor for *Management Science* (Department of Operations Management), starting July, 2009.

ORGANIZATIONAL BEHAVIOR

Kurt Dirks: Editorial board member at *Academy of Management Journal*.

STRATEGY

Dan Elfenbein and Todd Zenger: “The Economics of Social Capital in De-socialized Exchange,” received the 2009 Best Paper Award at the Atlanta Competitive Advantage Conference.

The Olin Award

Recognizing research that transforms business

2009 Winners

Markus Baer, Kurt Dirks and Jackson Nickerson

“A Theory of Strategic Problem Formation”

2008 Winners

Jackson Nickerson and Todd Zenger

“Envy, Comparison Costs and the Economic Theory of the Firm”

- The winning 2008 Olin Award paper, “Envy, Comparison Costs and the Economic Theory of the Firm,” by Jackson Nickerson and Todd Zenger, was recently featured in the December 1, 2009 issue of *CFO* magazine in an article titled “What Share Is Fair?”

The 2010 Olin Award winner will be announced in March 2010.

Olin Research Review

WORKSHOPS

ACCOUNTING

Thursday, September 10, 2009	Douglas Skinner , University of Chicago “What Should GAAP Look Like? A Survey and Economic Analysis”
Friday, September 18, 2009	Yuan Zhang , Columbia University “Cover Me: Managers’ Response to changes in Analyst Coverage”
Friday, October 16, 2009	Andrew Van Buskirk , University of Chicago “Implied Volatility Skew and Firm-Level Tail Risk”
Friday, October 30, 2009	Stephen G. Ryan , New York University, Stern School of Business “SFAS No. 159's Fair Value Option: Eventually Used as Intended”
Friday, November 6, 2009	Wayne R. Landsman , University of North Carolina “Are International Accounting Standards-Based and US GAAP-Based Accounting Amounts Comparable?”
Friday, November 13, 2009	Mohan Venkatachalam , Duke University “Are There Private Information Benefits to Participating in a Public Earnings Conference Call?”
Friday, December 4, 2009	Nahum D. Melumad , Columbia University “Auditors' Liability, Investments and Capital markets: An Unintended Consequence of the Sarbanes-Oxley Act”
Friday, December 11, 2009	William M. Cready , The University of Texas at Dallas “The Short Horizon Predictive Content of Aggregate Earnings”

Olin Research Review

ECONOMICS

Thursday, August 27, 2009	Marc Rysman , Boston University “Dynamics of Consumer Demand for Durable Goods”
Tuesday, September 1, 2009	David Levin , Washington University “Is Behavioral Economics Doomed?”
Thursday, September 10, 2009	Robert Miller , Carnegie Mellon University “Are There Glass Ceilings for Female Executives?”
Tuesday, September 15, 2009	Phil Dybvig , Washington University “Optimal Casualty Insurance Repair, and Regulation In the Presence of a Securities Market”
Wednesday, September 16, 2009	Mary Benner , University of Pennsylvania “Offsetting illegitimacy? How pressures from securities analysts influence Incumbents in the face of new technologies”
Tuesday, September 22, 2009	Joseph Ostroy , UCLA “Perfect Competition and Gamy Theory”
Thursday, September 24, 2009	Harry Paarsch , University of Melbourne “Using Grid Distributions to Test for Affiliation in Models of First-Price Auctions with Private Values”
Thursday, October 1, 2009	Gary Dushnitsky , University of Pennsylvania “A Cross-Country Study of Entrepreneurial Optimism and Valuations”
Thursday, October 1, 2009	Tom Davidoff , University of British Columbia “Housing, Health, & Annuities”
Tuesday, October 6, 2009	Sylvain Chassang , Princeton University “Selective Trials, Information Production and Technology Diffusion”
Wednesday, October 7, 2009	Chuck Eesley , Stanford University “Who Has 'The Right Stuff'? Human Capital, Entrepreneurship and Institutional Change In China?”
Thursday, October 8, 2009	Andrew Sweeting , Duke University “Equilibrium Price Dynamics in Perishable Goods Markets: The Case of Secondary Markets for Major League Baseball Tickets”
Wednesday, October 14, 2009	Waverly Ding , University of California – Berkeley “The Impact of Information Technology on Scientists' Productivity, Quality and Collaboration Patterns”

Olin Research Review

Thursday, October 15, 2009	Elie Tamer , Northwestern University “Correcting for Selection when Estimating Demand with Multiple Equilibria”
Wednesday, October 21, 2009	Rajshree Agarwal , University of Illinois at Urbana Champaign “Who Leaves, Where To & Why Worry? Employee Mobility, Employee Entrepreneurship & Effects on Source Firm Performance”
Wednesday, October 21, 2009	Sugata Roychowdhury , MIT, Sloan School of Management “Managerial Incentives and the Informativeness of Earnings Announcements”
Thursday, October 22, 2009	David Albouy , University of Michigan “The Impact of Climate Change on Household Welfare”
Wednesday, October 28, 2009	Linda Argote , Carnegie Mellon University “Organizational Learning: From Experience to Knowledge”
Thursday, October 29, 2009	Holger Sieg , Carnegie Mellon University “Exceed Demand & Rationing In Equilibrium in the Market for Public Housing”
Wednesday, November 4, 2009	Andrew King , Dartmouth University “Does (Green) Management Really Matter?”
Thursday, November 12, 2009	Nick Kuminoff , Arizona State University “On Capitalization and the Identification of Structural Parameters in the Hedonic Model”
Wednesday, December 2, 2009	Kira Fabrizio , Duke University “Institutions, Capabilities, and Contracts: Make or Buy in the Electric Utility Industry”
Thursday, December 3, 2009	Fernando Ferreira , University of Pennsylvania “The Value of School Facility Investments: Evidence from a Dynamic Regression Discontinuity Design”

Olin Research Review

FINANCE

Wednesday, August 26, 2009	Viral Acharya , Stern School of Business “Rollover Risk and Market Freezes”
Friday, September 11, 2009	Douglas W. Diamond , University of Chicago “Fear of fire sales and the credit freeze”
Friday, September 18, 2009	Bin Wei , City University of New York “Explicit and Implicit Incentives In Delegated Portfolio Management”
Friday, September 25, 2009	Michael W. Brandt , Duke University “What Does Equity Sector Orderflow Tell Us about the Economy”
Friday, October 2, 2009	Mitchell Petersen , Northwestern “Investment and Capital Constraints: Repatriations Under the American Jobs Creation Act”
Friday, October 9, 2009	Pedro Matos , Marshall School of Business “Corporate Governance in the 2007-2008 Financial Crisis: Evidence from Financial Institutions Worldwide”
Friday, October 16, 2009	George M. Constantinides , University of Chicago “Asset Pricing Tests with Long Run Risks in Consumption Growth”
Friday, October 23, 2009	Wei Xiong , Princeton University “Liquidity and short-term Debt Crises”
Friday, October 30, 2009	Amiyatosh Purnanandam , University of Michigan “Originate-to-Distribute Model and the Subprime Mortgage Crisis”
Friday, November 6, 2009	Narasimhan Jegadeesh , Emory University “Risk and Expected Returns of Private Equity Investments: Evidence Based on Market Prices”
Friday, November 20, 2009	Jacob S. Sagi , Vanderbilt University “Dynamic Corporate Capital Stocks: Cross-sectional and Inter-temporal Stock Return Patterns”
Tuesday, November 24, 2009	Chhaochharia Vidhi , University of Miami “Distance Matters! Shareholder Proximity and Corporate Policies”

Olin Research Review

Monday, November 30, 2009	Paige Parker Ouimet , North Carolina at Chapel Hill “Employee Capitalism or Corporate Socialism? Broad-based Employee Stock Ownership”
Friday, December 4, 2009	Sanjai Bhagat , University of Colorado at Boulder “Sarbanes-Oxley, Governance and Performance”
Friday, December 11, 2009	Stijn Van Nieuwerburgh , NYU - Stern School of Business “The Cross-Section and Time-Series of Stock and Bond Returns”

Olin Research Review

MARKETING

Wednesday, July 15, 2009	V. Kumar , Georgia State University “Expanding the Role of Marketing: From customer Equity to Marketing Capitalization”
Tuesday, September 15, 2009	Blakeley B. McShane , Wharton “Multivariate Visual Diffusion for Social Groups”
Thursday, September 17, 2009	Eva Ascarza , London Business School “Modeling Churn and Usage Behavior in Contractual Settings”
Tuesday, October 6, 2009	Jonathan Z. Zhang , Columbia University “Dynamic Targeted Pricing in B2B Settings”
Thursday, October 8, 2009	Rachel Shacham , New York University “On the Importance of Ignorance: A Longitudinal Model of Selection Due to Awareness”
Thursday, October 15, 2009	Seethu Seetharaman , Rice University “Examining Store Loyalty as a Category Specific Trait”
Tuesday, October 20, 2009	Preyas S. Desai , Fuqua School of Business, Duke University “Pharmaceutical Distribution through PBMs: Impact of Insurance Plan Heterogeneity”
Thursday, October 22, 2009	Woochoel Shin , Duke University “The Company that You Keep: When to Buy Competitor's Keyword”
Friday, October 30, 2009	Peter Pal Zubcsek , INSEAD “Direct Marketing on a Social Network”
Tuesday, November 3, 2009	Vineet Kumar , Carnegie Mellon “Why do Consumers Contribute to Connected Goods? A Dynamic Game of Competition and Cooperation in Social Networks”

Olin Research Review

OPERATIONS & MANUFACTURING MANAGEMENT

Friday, September 18, 2009	Harry Groenevelt , Simon School of Business, University of Rochester “Inventory Models with Continuous Time Holding and Backorder Costs”
Friday, September 25, 2009	Gurhan Kok , Fuqua School of Business, Duke University “Evaluation of Supply Chains with Inventory Record Inaccuracy and Implications on IT Investments”
Friday, October 2, 2009	Xin Chen , University of Illinois at Urbana-Champaign “Coordinated Pricing and Inventory Management: Survey and New Progress”
Friday, November 20, 2009	Jiri Chod , Carroll School of Management at Boston College “Strategic IPOs and Product Market Competition”

Olin Research Review

ORGANIZATIONAL BEHAVIOR

Friday, September 11, 2009	Peter Boumgarden , Washington University “Now that's promising: A social organizational model of Initiative evaluation”
Friday, October 2, 2009	Amy Edmondson , Harvard University “Implicit voice theories: A new perspective on silence In the workplace”
Friday, October 16, 2009	Simine Vazire , Washington University, Department of Psychology “Blind spots and bright spots in self-perception”
Thursday, October 29, 2009	Maurice Schweitzer , The University of Pennsylvania “Can Nervous Nelly Negotiate? How Anxiety Causes Negotiators to Exit Early and Make Steep Concessions”
Thursday, December 3, 2009	Jack Goncalo , Cornell University “Implications of Individualism-Collectivism for Creativity and the Quality of Group Decision Making”

PH.D. MILESTONES

OPERATIONS AND MANUFACTURING MANAGEMENT

Haiyan Wang: Successfully defended her thesis “Service Capacity Management with Time Sensitive Customers,” Tava Olsen chair.

Abstract: This dissertation studies capacity decisions in a service environment where arrival rates are highly seasonal and customers are time sensitive.

Time sensitive customers may depart without receiving service if the waiting time is too long. We begin by studying a monopolist's capacity decision, where the key trade-off is between the cost of extra capacity for low demand periods and the loss of revenue for high demand periods. We find that while the optimal capacity is monotonically decreasing in the cost to revenue ratio, it is not always monotone in customers' patience.

We then study a duopoly model, where customers are assumed to have an initial server preference but may switch from their original choice to their second choice if the waiting time at their favorite server is too long. We find that in most scenarios, delay-time competition neither helps nor hurts the customers and the identical firms. However, if the firms are significantly dissimilar in cost structure then competition can significantly hurt the inefficient firm but benefit both the efficient firm and the customers.

The last part of the dissertation is also concerned with capacity management in service industries with seasonal demand, but focuses on the effect of strategic customers' behavior on the service provider's capacity strategy. Due to the seasonality, the firm uses a postponement strategy where compensation is given to unserved peak-period customers who delay service to the off-peak period. However, some off-peak customers are strategic and may pretend to be peak-period customers purely to receive the postponement discount. We provide a model to study the effect of the presence of strategic customers on the service provider's capacity strategy; we provide the amended capacity decisions for the service provider with consideration of the strategic customers' behavior. Unsurprisingly, we find that the presence of the strategic customers hurts the service provider. More interestingly, we find that the presence of the strategic customers may benefit the peak-period customers and that, unlike the inventory literature with strategic (forward-looking) customers, in which the supplier's response is usually detrimental to strategic customers, the strategic customers in our service environment may benefit if the supplier responds to their presence.

Olin Research Review

EVENTS

ACCOUNTING

Nick Dopuch Accounting Conference November 19-20, 2009

Thursday, November 19 th	
12:00 - 1:00 pm	Lunch buffet at the Charles F. Knight Executive Center
1:00 - 1:15 pm	Welcome & Introduction Mahendra Gupta , Dean, Olin Business School, Washington University in St. Louis
1:15 - 2:30 pm	Ronald A. Dye , Chair and Leonard Spacek Professor of Accounting, Information & Management, Kellogg School of Management, Northwestern University "Capital Structure, Cost of Capital, and Voluntary Disclosures"
(15 minute break)	
2:45 - 4:00 pm	Ron Shalev , Assistant Professor of Accounting Washington University in St. Louis - Olin Business School "Target Firm-Specific Information and Expected Synergies in M&A"
(15 minute break)	
4:15 - 5:30 pm	Mark DeFond , Joseph A. DeBell Professor of Business Administration & Professor of Accounting, University of Southern California - Marshall School of Business "To Know or Not to Know: Stock Market Implications of Firms With Superior Knowledge Management"
(6:00 pm)	Cocktails and dinner will be served at Bristol Seafood Grille 11801 Olive Blvd., St. Louis MO 63141-6717, 314-567-0272

Olin Research Review

Friday, November 20 th	
8:00 - 8:15 am	Continental breakfast; Simon Hall, room 106
8:15 - 9:30 am	Jonathan Roger , University of Chicago - Booth School of Business "Disclosure Tone and Shareholder Litigation"
(10 minute break)	
9:40 - 10:55 am	Gauri Bhat , Washington University - Olin School of Business "Information Asymmetry Around Earnings Announcements During the Financial Crisis"
(10 minute break)	
11:05 - 12:20 pm	Philip Berger , University of Chicago - Booth School of Business "Discretionary Disclosure in Financial Reporting: An Examination Comparing Internal Firm Data to Externally Reported Segment Data"
12:30 - 1:30 pm	Buffet lunch at the Knight Center main dining hall

FINANCE

SIXTH ANNUAL CONFERENCE ON CORPORATE FINANCE November 12-13, 2009

Wednesday, November 11, 2009

6:30 p.m. - Reception at the Knight Center Pub

Thursday, November 12, 2009

8:30 a.m. - Continental Breakfast

Session 1: Banks and Lending

Chair: **Anjan V. Thakor** (Washington University in St. Louis)

9:00 - 9:45 “[What's Bank Reputation Worth? The Effect of Fraud on Financial Contracts and Investments](#)”

by **Huidan Lin** (International Monetary Fund) and **Daniel Paravisini** (Columbia University)

Discussant: **Ramana Sonti** (Indian School of Business)

9:45 - 10:30 “[Information Disclosure, Cognitive Biases and Payday Borrowing](#)”

by **Marianne Bertrand** (University of Chicago) and **Adair Morse** (University of Chicago)

Discussant: **Todd Gormley** (University of Pennsylvania)

10:30 - 11:00 Break

Session 2: Agency Conflicts

Chair: **Ronald Masulis** (Vanderbilt University)

11:00-11:45 “[Product Market Competition and Agency Conflicts: Evidence from the Sarbanes Oxley Law](#)”

by **Vidhi Chhaochharia** (University of Miami), **Yaniv Grinstein** (Cornell University), **Gustavo Grullon** (Rice University) and **Roni Michaely** (Cornell University)

Discussant: **Simi Kedia** (Rutgers University)

11:45-12:30 “[Agency Costs, Mispricing and Ownership Structure](#)”

by **Sergey Chernenko** (Harvard University), **Fritz Foley** (Harvard University) and **Robin Greenwood** (Harvard University)

Discussant: **David Matsa** (Northwestern University)

12:30 - 2:00 Lunch

Olin Research Review

Session 3: Corporate Structure

Chair: David Goldreich (University of Toronto)

2:00-2:45 “[Understanding Internal Capital Markets and Corporate Politics in a Banking Group](#)”

by **Martijn Cremers** (Yale University), **Rocco Huang** (Federal Reserve Bank of Philadelphia) and **Zacharias Sautner** (University of Amsterdam)

Discussant: **Mark Leary** (Cornell University)

2:45-3:30 “[Do Powerful Politicians Cause Corporate Downsizing?](#)”

by **Lauren Cohen** (Harvard University), **Joshua Coval** (Harvard University) and **Christopher Malloy** (Harvard University)

Discussant: **Eitan Goldman** (Indiana University)

3:30 - 4:00 Break

Session 4:

Chair: **Todd Milbourn** (Washington University in St. Louis)

4:00-5:30 **Short presentations of early ideas**

Alex Edmans (University of Pennsylvania), **David Goldreich** (University of Toronto), **Radha Gopalan** (Washington University in St. Louis), **Robin Greenwood** (Harvard University), **Gerard Hoberg** (University of Maryland), **Rocco Huang** (Federal Reserve Bank of Philadelphia), **Adair Morse** (University of Chicago), **Uday Rajan** (University of Michigan), **Jun Yang** (Indiana University), and **Deniz Yavuz** (Washington University in St. Louis)

6:30 Cocktails and Hors d'oeuvres

Olin Research Review

Friday, November 13, 2009

8:00 a.m. - Continental Breakfast

Session 5: Compensation and Incentives

Chair: **Gerald Garvey** (Barclays Global Investors)

8:30-9:15 "[Investment Banking \(and Other High Profile\) Careers](#)"

by **Philip Bond** (University of Pennsylvania) and **Ulf Axelson** (Stockholm School of Economics)

Discussant: **Uday Rajan** (University of Michigan)

9:15-10:00 "[Dynamic Incentive Accounts](#)"

by **Alex Edmans** (University of Pennsylvania), **Xavier Gabaix** (New York University), **Tomasz Sadzik** (New York University) and **Yuliy Sannikov** (Princeton University)

Discussant: **Phil Dybvig** (Washington University in St. Louis)

10:00-10:30 Break

Session 6: Innovation and Markets

Chair: **Roni Michaely** (Cornell University)

10:30-11:15 "[Tolerance for Failure and Corporate Innovation](#)"

by **Xuan Tian** (Indiana University) and **Tracy Yue Wang** (University of Minnesota)

Discussant: **Merih Sevilir** (University of North Carolina)

11:15-12:00 "[Innovations and Investment Bubbles](#)"

by **Praveen Kumar** (University of Houston) and **Nisan Langberg** (University of Houston)

Discussant: **Ron Kaniel** (Duke University)

12:00-1:30 Lunch

Session 7: Mergers and Acquisitions

Chair: **Armando Gomes** (Washington University in St. Louis)

1:30-2:15 "[Product Market Synergies and Competition in Mergers and Acquisitions](#)"

by **Gerard Hoberg** (University of Maryland) and **Gordon Phillips** (University of Maryland)

Discussant: **Dirk Hackbarth** (University of Illinois at Urbana-Champaign)

2:15-3:00 "[World Markets for Mergers and Acquisitions](#)"

by **Isil Erel** (Ohio State University), **Rose Liao** (Ohio State University) and **Michael Weisbach** (Ohio State University)

Discussant: **Sandy Klasa** (University of Arizona)

Olin Research Review

INDEX

Amitay Alter _____	23	Ron King _____	4
Nicholas Argyres _____	20, 21, 30	Anne Marie Knott _____	30
Markus Baer _____	36	Lee Konczak _____	29
Gauri Bhat _____	22, 47	Panos Kouvelis _____	18, 28
Kelly Bishop _____	23	Dmitri Kuksov _____	16
Sharon Cannon _____	26	Lubomir Litov _____	25
Sergio Chayet _____	28, 35	Hong Liu _____	9-11
Long Chen _____	9, 24, 34	Selin Malkoc _____	17, 27
Siddhartha Chib _____	6, 32	Xiumin Martin _____	4, 5, 22
Cynthia Cryder _____	16, 33	David Meyer _____	26, 32
Kurt Dirks _____	29, 35, 36	Todd Milbourn _____	10, 24, 25, 34, 49
Ling Dong _____	17, 18, 28	Alvin Murphy _____	23
Phil Dybvig _____	9, 10, 38, 50	Chakravarthi Narasimhan _____	17, 18, 34, 35
Dan Elfenbein _____	8, 21, 30, 35	Jackson Nickerson _____	20, 21, 30, 33, 36
Heber Farnsworth _____	9, 10	Tava Olsen _____	18, 19, 28, 45
Armando Gomes _____	50	Ron Shalev _____	46
Radha Gopalan _____	10, 24, 25, 34, 49	Anjan Thakor _____	10, 11, 25, 32, 34, 48
Mahendra Gupta _____	4, 34, 35, 46	Deniz Yavuz _____	25, 49
Bruce Hall _____	6, 7, 12-15, 32	Todd Zenger _____	8, 21, 30, 31, 35, 36
Bart Hamilton _____	6-8, 12, 15, 21, 30	Fuqiang Zhang _____	19, 28, 35
Sudarshan Jayaraman _____	22, 25	Guofu Zhou _____	10, 11
Ohad Kadan _____	24		



Creating knowledge...Inspiring individuals...Transforming business.

Olin Business School
Washington University in St. Louis
Campus Box 1133
One Brookings Drive
St. Louis, MO 63130

Phone: 314-935-6344
www.olin.wustl.edu